

Commercial Activities Panel Presentation
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Good Morning Ladies and Gentlemen and thank you for the opportunity to speak before the panel today.

By way of introduction, my name is John Delane and I represent DEL-JEN, INC., as one of the firm's founders, and its current President and CEO. DEL-JEN has been in business for 23 years, all of those years, we are proud to say, dedicated to supporting the United States Government and its many missions. We specialize in providing the Federal Government base operating support services, construction and education and training.

We are a mid-sized firm compared to many of our competitors and very active in the commercial activities marketplace. The fact that we are a mid-sized firm makes outsourcing particularly important to us because it opens up new opportunities that smaller firms have a chance to contribute to. **Outsourcing is important to America's mid to small business community.**

We have participated in several recent A-76 Study procurements and enjoyed a high level of success. The reason we are successful is that we understand the military environment, have the private sector flexibility and technology tools, as well as exemplary performance references to rise to the top of our peer group. We are dedicated to making the DoD mission work. The notion that contractors do not have a patriotic stake in the high performance of our military machine is nonsense. The DEL-JEN men and women at work serving their country at 17 military bases across America are highly affronted by the notion that they are somehow less patriotic than direct hire Government employees. Many, many of our people are former military members themselves.

There are a number of rumors about how contractors treat their employees. The best response we have to those rumors is: **please ask our employees.** We have taken over former Government workforces via A-76 studies. The employees are compensated fairly, have health care benefits, receive bonuses for cost savings and performance enhancements that DoD customers directly benefit from, are promoted, and are treated very well. The absence of union leadership at an installation does not equate with degradation in the employee's welfare.

The most disturbing recent trend we have seen in the commercial activities arena, that we hope this panel will address, is the failure to follow the rules established by the system. We must be able to rely on the Federal Government to follow the rules of the system it has established in order to retain integrity in the process. We are seeing A-76 study after study create new ground for itself, according to political pressures being exerted on the base leadership and the Pentagon, as well as individual contracting authorities making up rules to achieve specific ends. This must stop. We encourage the panel to give DoD the backbone it needs to withstand special interest scrutiny and resist its influx into Federal procurement processes.

We understand, as everyone here does, that the A-76 system needs improvement and this panel is part of that solution. We are confident beneficial change will take place. Our top priorities for ensuring the US taxpayer gets the best possible value for dollars spent in DoD, and that “tooth to tail” emphasis is maintained, are:

1. *Better train the acquisition workforce.* There are many well-meaning Government contract professionals at work who want to do the right thing but just don’t know how. The procurement system may have changed in the last 5 years more than at any other condensed timeframe in its history. Procurement officials need help to keep up.
2. *Full Government Costing.* A major problem with A-76 studies is that individual installations either cannot or will not fully and accurately account for their cost of doing business. A second major problem, tied to this one, is the inability for contractors to get fair treatment at the installation level due to the emotional nature of A-76 procurements. The answer to both of these problems, as well as the training issue, is to remove A-76 studies to a national one-stop, where well-trained, unbiased professionals conduct a **truly** independent study of what will give the best value for the least cost.
3. *Stick to the Rules.* Once a system is decided upon, everyone needs to follow the same rulebook. Individual installations and politicians cannot be allowed to re-write the book in the middle of the game, as we are seeing today. We strongly recommend the panel consider a single set of guidelines for the A-76 cost comparison process, appeals and protests, that delineates specific timelines to avoid costly delays to all parties, provides meaningful technical evaluation, and results in a fair and consistent outcome.
4. *Activities Must Adhere to GAO Decisions.* Seven of 12 GAO A-76 protests have been decided in the favor of contractors in the last two and a half years. None of the seven contractors are currently operating those jobs. The ability of the installations to thumb their noses at GAO must stop.
5. *Provide accountability within the Government.* Private companies understand losing. We lose business opportunities to competitors every day and recognize that as a part of the procurement process. However, when we lose to a commercial sector competitor, whether they are performing the job to the standard proposed is relatively clear. They either make the numbers or they don’t. When the Government retains work in-house, it is supposed to audit 20% of the results after award. Very few of these audits are being done and many of us in the private sector are not convinced the in-house team is delivering on its proposed programs. The loser in the end is the taxpayer who continues to funnel money into a program that is dysfunctional. The mandated audits need to take place and should be public information. If the in-house team cannot deliver on its promises within one year, the program should transfer to the pre-selected best value commercial competitor.

6. *Stick to Core Business.* As OMB Chief Mitch Daniels said at our recent industry conference, the US Government shouldn't be doing laundry, cutting grass, plumbing, and a whole host of other activities. There are many excellent commercial sources for these functions. There is no need to compete these activities between Government and the private sector. Let's stop debating the obvious and focus on getting the best value for tax dollars. We urge the panel to recommend direct and immediate outsourcing of these activities.

In closing, the US economy is the most successful in the world. It is successful because it follows a competitive model that forces the best performers, with the best prices, to the top. Others don't survive. Nowhere is this more evident than in DoD outsourcing. Let the competitive process do what it does best: it will weed out poor performers and high cost, low output alternatives. Our economy is also successful because we have a sound system of public law as a foundation. Commercial activities need the same.

Thank you again for the opportunity to speak here today and I would be happy to entertain any questions or discussion.